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Feasibility Study and Concept Design III for the Maine Correctional Center

Maine Department of Corrections
Windham, Maine



Executive Summary
Maine Project #14MCC015

February 17, 2016
SMRT Project No. 13133

EXECUTIVE SUMMARY

Background

In November 2013, the Maine Department of Corrections (MDOC) and Bureau of General Services (BGS) retained SMRT Architects of Portland (SMRT) and Pulitzer/Bogard & Associates, LLC (P/BA) to develop a feasibility study pertaining to a new plan for replacement, expansion and/or renovation of the Maine Correctional Center (MCC) in Windham. The contracts were issued pursuant to Part HH of Public Law Chapter 368, which required the MDOC to retain a consultant to:

"prepare an independent feasibility study of the need for correctional facility construction projects in the Town of Windham. The feasibility study must consider and provide financial analysis with respect to a number of components including but not limited to the costs of the existing correctional system and the population growth and costs of a new correctional facility in the Town of Windham."

The intent of this Study was to establish the economic feasibility of expanding and replacing the MCC with a new facility that would accomplish the following objectives:

- Lower the actual and per diem costs of operating the correctional system in general, and MCC specifically;
- Enhance community safety and significantly expand services to prisoners who have mental illnesses, have substance abuse problems, are sex offenders, are medically ill, are elderly, or require special services;
- Assist county jails by providing bed capacity for their inmates who have specialized needs;
- Avoid the necessary and expensive deferred maintenance and extensive capital construction otherwise required at MCC and the Downeast Correctional Facility; and
- Create needed medium security beds for male prisoners.

A report was published on February 4, 2014, for this work, but the project was not pursued by the State at that time. In July of 2014, MDOC engaged SMRT and P/BA to update the February study. The study update work – completed in April 2015 – required the consultants to:

- A. Reconsider other locations for the new facility on state-owned property at the Maine Correctional Center;
 - i. perform additional site investigations to inform construction costs associated with

- known challenges on the above property locations;
- B. Update the MCC operational program;
 - C. Develop an architectural and operational program, which will result in facilities to better serve the female population;
 - D. Design improvements to facilities that serve the female population to a schematic level to permit this need to be met as soon as possible;
 - i. update cost estimates for the concept selected and for the proposed improvements to the women’s facilities;
 - E. Update the original report to include items A-D, and a new concept for a new Maine Correctional Center; and
 - F. Update economic benefit/cost analysis to provide a full picture of the costs and benefits associated with the proposed project.

With the convening of the 127th Maine Legislature, MDOC retained the original consultant team to update the results of the financial analysis associated with the feasibility study so that up-to-date information would be available to inform decisions being made to move the project forward. In addition, SMRT and P/BA were tasked with reducing the capital costs and adjusting the site configuration to consolidate all correctional activities on the existing MCC site.

Baseline Operating Costs

With the focus on saving operating costs to fund a new MCC, the starting point of the analysis was to review and document the current cost of running the MDOC’s adult institutional system. Table ES.1 below illustrates those costs in FY16 dollars.

Table ES.1: FY16 MDOC Adult Facilities Operating Budget

Facility	BCF	MVAC	CCF	DCF	MCC	MSP	SMWRC	Total
FY16 Budget ¹	\$6,882,642	\$12,421,503	\$5,961,527	\$5,680,947	\$32,885,935	\$38,711,247	\$2,235,939	\$104,779,741
Prisoner Boarding								\$547,613
IMHU (LD1515)								\$3,407,250
Grand Total								\$108,734,604
Budgeted Capacity	217	164	207	156	686	974	68	2,472
Staff	56	146	52	52	264	308	20	898
Staff: 100 Inmates	25.8	89.0	25.1	33.3	38.5	31.6	29.4	36.3
Per Diem Cost	\$86.90	\$207.51	\$78.90	\$99.77	\$131.34	\$108.89	\$90.09	\$116.13

¹ Totals represent eleven separate cost categories: Administration, Building & Maintenance, Contractual, Energy, Food, Fuel, Healthcare, Insurance, Transportation, Travel, Wages/Salary/Benefits. The FY16 budget for MVAC includes costs associated with 20 juvenile beds, which are not reflected in budgeted capacity.

The taxpayers are currently funding MDOC at \$104.8M for the direct costs associated with operating the seven adult facilities.² The calculated system-wide per diem cost is \$116.13.

The Capital Program/ Realignment

To achieve the anticipated efficiency and effectiveness objectives as set forth above, an operational, capital, and facilities realignment program is proposed. The highlights of this program are:

- Replace the majority of structures at the MCC with state-of-the-art facilities that will: house up to 979 prisoners (736 males and 243 females); provide a range of needed programmatic and treatment services; and be substantially more cost efficient to operate;
- Consolidate the Mountain View Youth Development Center (MVYDC) and a downsized Charleston Correctional Facility into a single facility that will have the capacity to serve 295 male adult prisoners. Juvenile offenders at MVYDC have been relocated to Long Creek Youth Development Center;³
- Close the Downeast Correctional Facility due to its extremely high per diem operating costs and very limited physical plant, which requires significant maintenance and does not meet correctional standards;
- Close the Southern Maine Women’s Reentry Center and relocate its female prisoners to the new reentry center presently under construction at the MCC site; and
- Increase the operational capacity at the Maine State Prison by 108 prisoners.

In addition to defining the operational, spatial and staffing requirements for the new MCC, an evaluation of the existing facilities was conducted to determine which structures could remain operational. In addition, a site study was completed to locate the new facility in an optimal location on the grounds of the existing MCC facility.

The total capital project cost, including “soft costs,”⁴ associated with the replacement/ expansion of the MCC is \$149.7 million in FY16 dollars. It is proposed that bonding of this

² This cost does not include system-wide costs for central office, juvenile detention facilities, and capital improvements, prisoner boarding, and intensive mental health unit (LD1515).

³ A small component will be available at the New Charleston Correctional Facility for the short-term processing of juveniles from the northern tiers of the state until MDOC can transport them to the LCYDC.

⁴ Soft costs are everything that must be in the budget but not paid through the construction contract, including design services, survey, geotechnical engineering, fixtures-furniture & equipment, budget for costs not yet determined, construction testing and inspections, fees to utilities, moving, assigned staff representing MDOC, etc.

capital program be financed through the Maine Municipal Bond Bank and the annual payment of a bond is projected to cost \$11.14 million per year for most of the 20-year bond life.⁵

Projected MDOC Operating Costs

Table ES.2 illustrates the impact of the creation of both a far more efficient future MCC and more efficient Maine Department of Corrections through the closure, downsizing, and consolidation of select MDOC facilities. With the proposed plan, it is projected that the State will realize \$10.5 million savings annually in operational costs. The realignment of the adult facilities is projected to reduce the adult system-wide per diem from \$116.13 to \$100.88 (a 13.1% decrease), reduce the staff: 100 prisoner ratio from 36.3 to 30.7 (a 15.4% efficiency). The projected operating costs are based on FY16 dollars.

Table ES.2: Projected MDOC Adult System-wide Operating Costs by Facility

Category	BCF	New CCF	MCC	MSP	Projected MDOC Adult Facility Costs
Projected Total	\$6,899,428	\$9,818,048	\$37,814,531	\$40,317,682	\$94,849,689
Prisoner Boarding					\$0
IMHU (LD1515)					\$3,407,250
Grand Total					\$98,256,939
Prisoner	220	295	979	1,082	2,576
Per Diem ⁶	\$85.92	\$91.18	\$105.82	\$102.09	\$100.88
Staff	56	106.5	321.5	308	792
Staff: 100 Inmates	25.5	36.1	32.8	28.5	30.7

Benefit/ Cost Analysis

The Benefit/Cost Analysis (BCA) and economic impact analysis were conducted by Dr. Charles Colgan, Director of the Maine Center for Business and Economic Research in the Muskie School of Public Service at the University of Southern Maine. The BCA shows that the present value of the economic benefits of the proposed project exceeds the present value of costs by \$107.8 million over thirty years (using a 4% discount rate). The project has a benefit-cost ratio of 1.95, which exceeds the project acceptance ratio of 1.0.

The costs are measured as the project outlays for the construction and renovation changes at the MCC facility of \$149.7 million over two years and the benefits are defined as reductions in annual operating costs and the avoidance of \$77.98 million in needed improvements to existing MDOC facilities if the MCC project is *not* undertaken.

⁵ From year 3 to year 19 it is \$11.14 million per year. It is lower in years 1 and 2 because only part of the money is used in those years. It is also lower in years 20 and 21 as the first bonds are paid off.

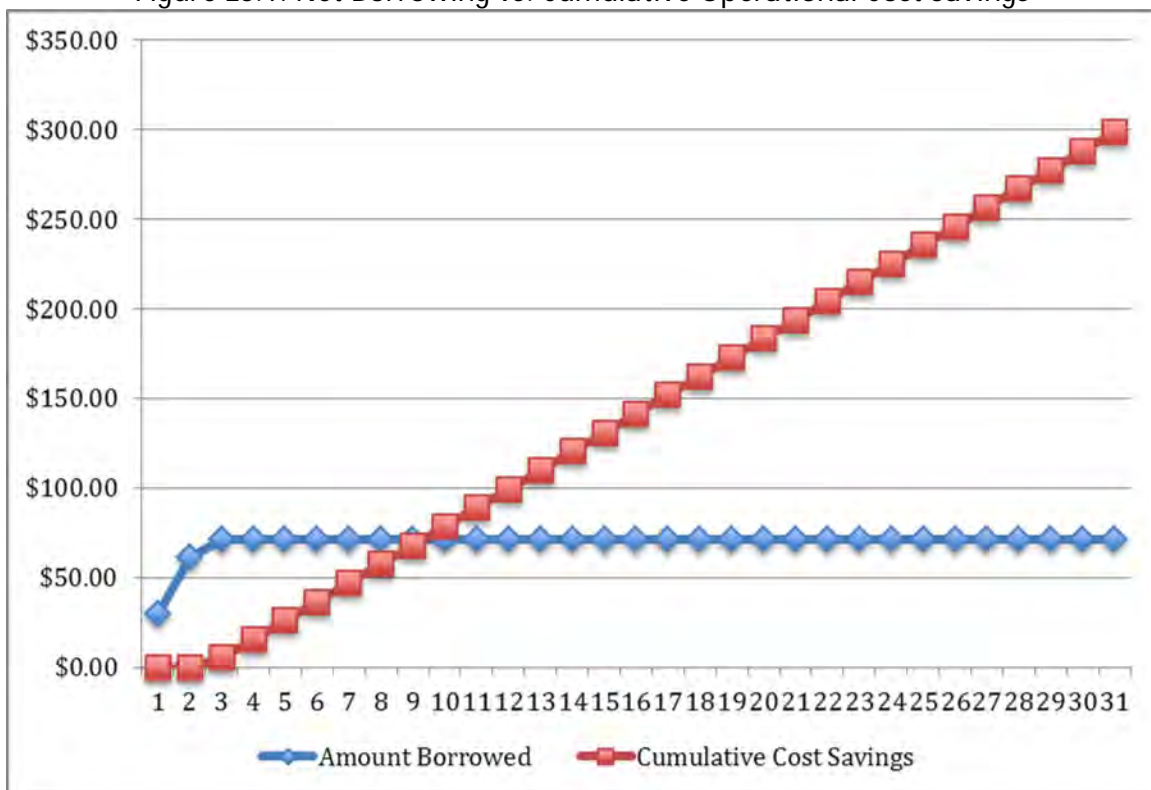
⁶ Per Diem cost figures exclude the cost of LD1515.

The rate of return for the project is 16%. That is, the State would have to invest the \$149.7 million in an instrument paying 16% per year in order to get the same benefits as investing in the proposed MCC project.

It should be noted that the annual operating cost savings at MCC alone are sufficient to justify the project. Leaving aside the capital projects that should be made if the proposed project is not undertaken, the operating cost savings at MCC alone yield discounted net benefits of \$58.21 million and a benefit-cost ratio of 1.52. The rate of return would be 8.1%.

Over the thirteen years of financing (because of staging of the construction project), the State's bond obligation can be calculated as the total capital cost of the MCC project (\$149.7 million) less the bonds not issued for the repairs needed if the MCC project is not undertaken (\$77.98 million). The "net" borrowing needs implied by the MCC construction project is \$71.72 million. This net borrowed amount can be compared with the cumulative operational cost savings to the MDOC adult system to be realized if the MCC project is undertaken. This comparison is made in Figure ES.1.

Figure ES.1: Net Borrowing vs. Cumulative Operational Cost Savings

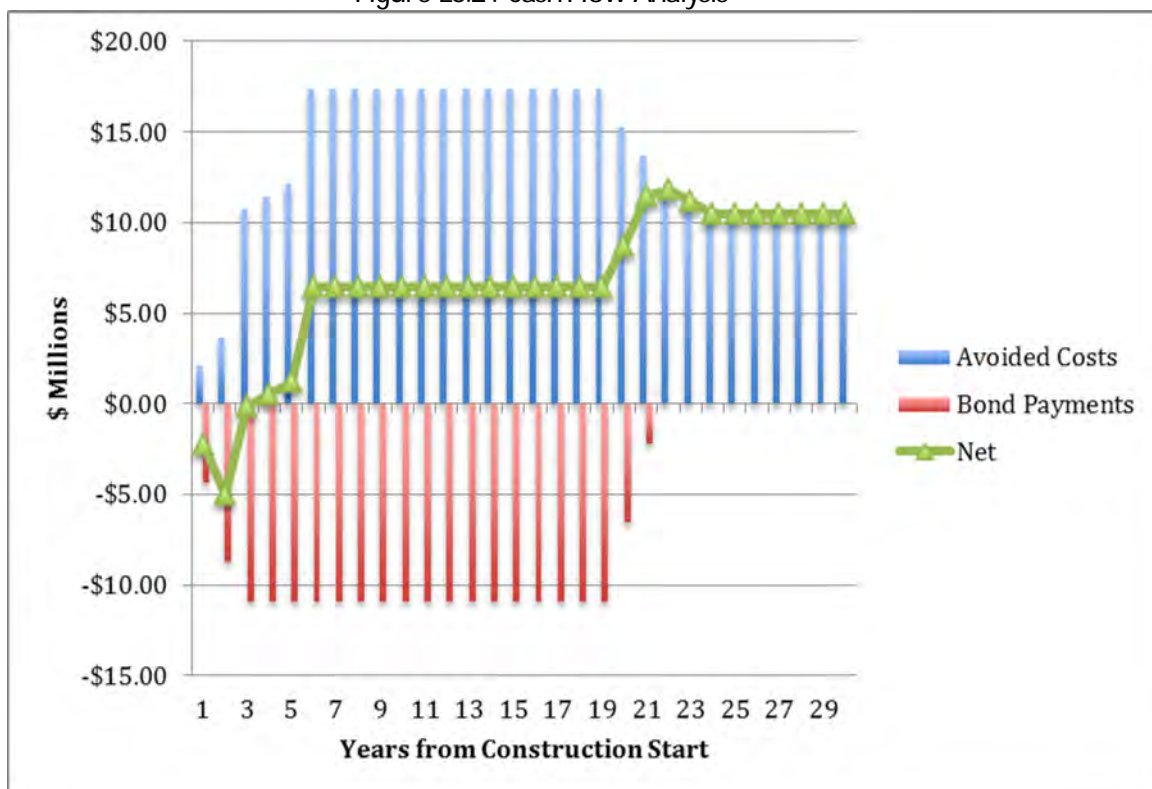


Another way to consider the effects on state finances is to compare the annual costs avoided with the MCC project with the annual payments on the bonds needed to finance the project. This comparison is made in Figure ES.2, which shows the estimated bond payments

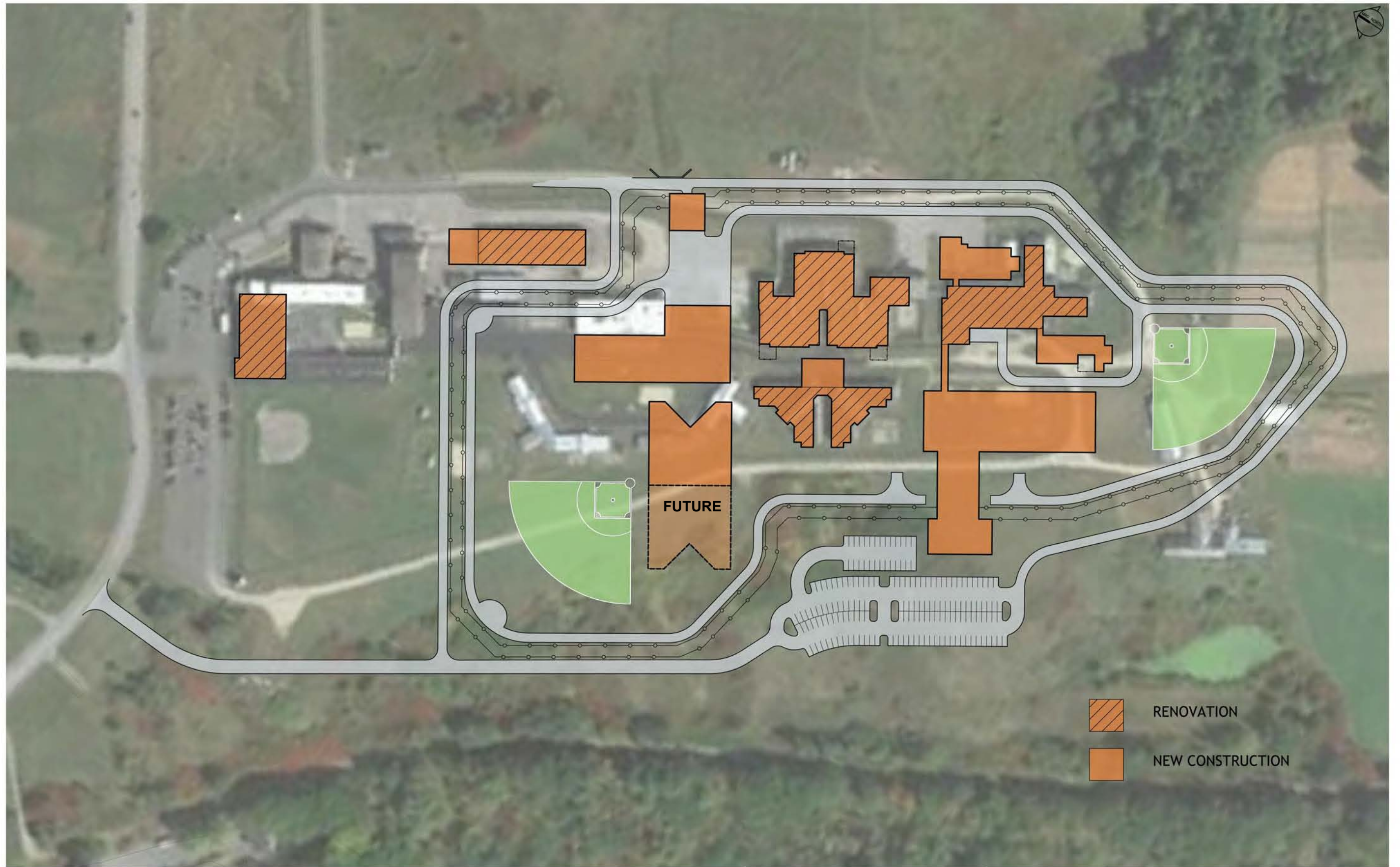
on \$149.7 million (in three bonds to reflect the two and a half year construction project), the annual costs avoided (including both capital and operating cost savings), and the net of these two figures.

From Year 4 on, avoided costs begin to exceed bond payments. The surplus of avoided costs over bond payments begins at \$0.53 million in year 5, rising to \$6.46 million from year 6 to year 19, and then to over \$10 million per year thereafter. This analysis is based on an assumption of 20-year amortization for bonds. The State often chooses a shorter amortization period of 10 years for bonding. If a 10 year amortization is used, there is still a surplus of avoided costs over bond payments beginning in year 4, but the average surplus from years 1 to 12 is \$2.02 million for a 10-year amortization (with higher bond payments) compared with \$5.22 million for a 20-year amortization. The total savings carried out over 30 years is \$298.61 million.

Figure ES.2 : Cash Flow Analysis



The MCC is a significant construction project for the State of Maine, which will employ about 700 people in Cumberland County in the first two years of construction and about 300 in the final year of construction. There will be about 100 jobs in the rest of Maine supported by the project. With short-term construction projects, these “multiplier effect” jobs are rarely new jobs, but the purchase of goods and services for the construction project, plus spending by employees directly in the Maine economy, supports at least part of these additional jobs. Taken together, the direct and indirect employment should result in wages and salaries paid of about \$85 million over the construction period.

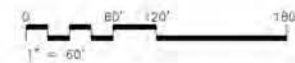


-  RENOVIATION
-  NEW CONSTRUCTION



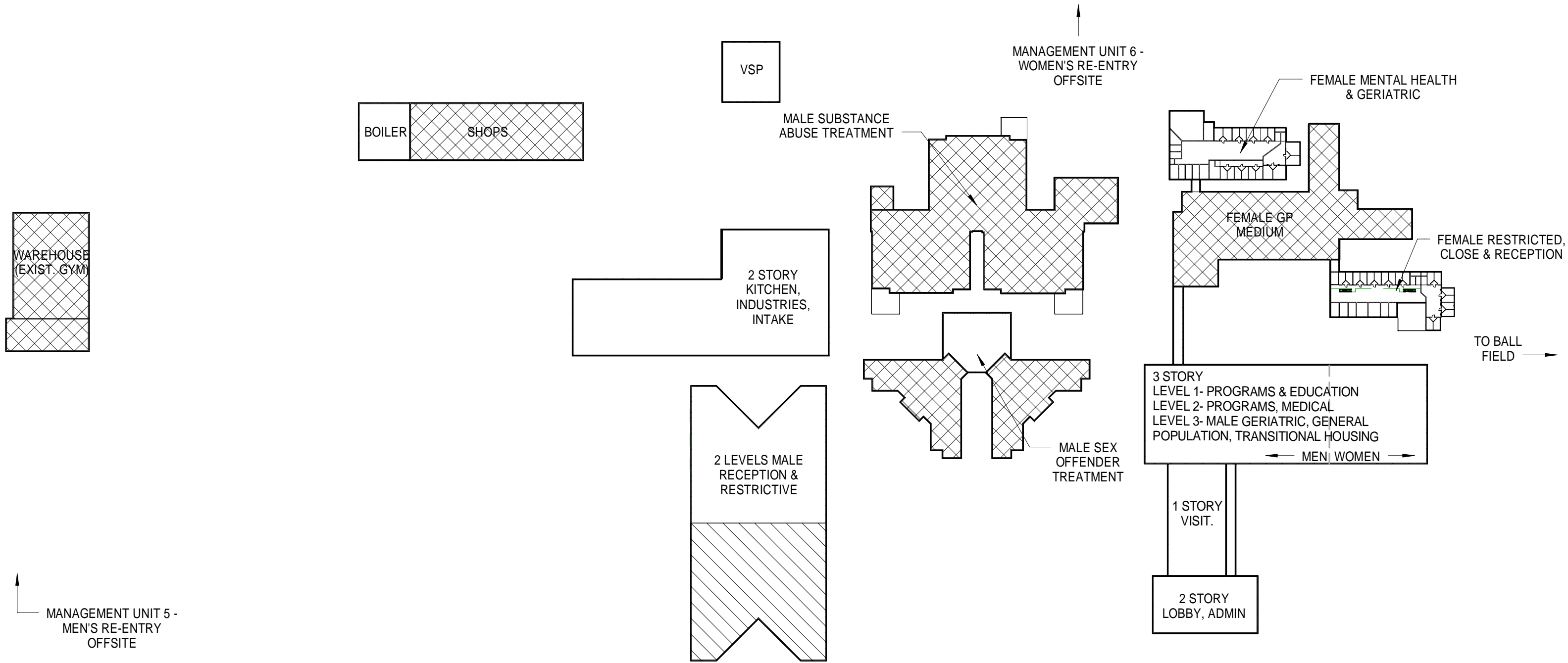
FEASIBILITY STUDY AND CONCEPT DESIGN
 FOR THE MAINE CORRECTIONAL CENTER
 MAINE DEPARTMENT OF CORRECTIONS
 WINDHAM, MAINE

CONCEPT SITE PLAN






FEBRUARY 2016





OVERALL PLAN

KEY	
	EXISTING
	NEW CONSTRUCTION
	FUTURE

